5 September 2007
ASX Announcement

Carnavale acquires new high grade Molybdenum projects in Brazil

Highlights:

- **Carnavale to acquire 100% of additional new Molybdenum and Tungsten projects by payment of US$1.12m and the issue of 500,000 fully paid ordinary shares to Metal Land.**
- **The additional properties surround the existing property acquired in June 2007 (refer to the Company's ASX announcements dated 25 May and 29 June 2007).**
- **As a result of this acquisition, the Company's Project Area will increase from approximately 19 sq km to 123 sq km.**
- **The extent of the strike length has increased from approximately 1.6km to 12km, further increasing the potential for more significant discoveries along strike and at depth.**

Newly-listed Australian based resources company Carnavale Resources Limited **("Carnavale" ASX: CAV)** has signed an agreement with Metal Land Capital Brasil Mineracao Ltda ("**Metal Land**") to acquire additional molybdenum and tungsten projects surrounding the Company's Frei Martinho Molybdenum Project **("FMM")** in Brazil, South America.

The new agreement increases the land holding comprising the **FMM** Project from 19 sq km to approximately 123 sq km. For full details relating to the **FMM** Project, please refer to the ASX announcement issued by Carnavale on 25 May 2007.

Under the terms of the new agreement, Carnavale will pay US$1.12m and issue 500,000 fully paid ordinary shares to Metal Land based on staged payments up to a period of 36 months from the date of the agreement.

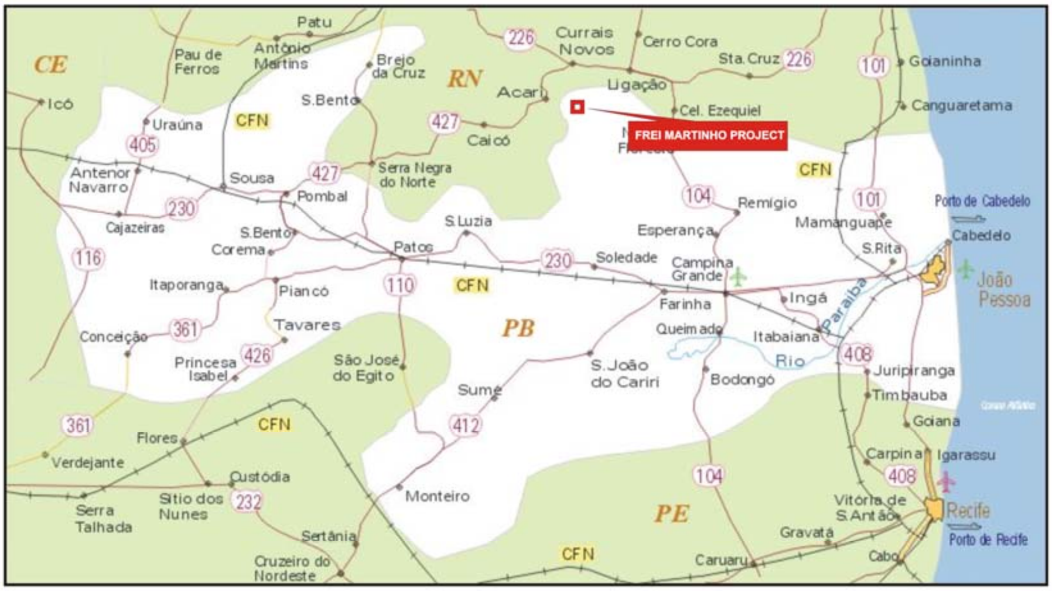
The **FMM** Project is situated in an area well known for historical molybdenum and tungsten mining and has never been explored using modern exploration technology. The Company is excited about the potential of these additional high-grade projects and believes the continuing strength of the market price for molybdenum and tungsten will deliver strong value to Carnavale shareholders as the project moves forward.

Carnavale intends to explore the **FMM** Project by carrying out an extensive diamond drilling programme in order to define the extent and depth of the high grade mineralized skarns during the December quarter.

CARNAVALE RESOURCES LIMITED
ABN 49 119 450 243
30 Ledgar Road, Balcatta
Western Australia 6021
T: +61 8 9240 6876
F: +61 8 9240 2406
E: admin @carnavaleresources.com
W: www.carnavaleresources.com

Carnavale Executive Director Ron Gajewski said, “Carnavale has secured a strategic ground position in a region considered to be highly prospective for Molybdenum and Tungsten. We are moving as quickly as we can to get field work under way to test a number of the near surface anomalies already identified by previous exploration”.

About the Frei Martinho Molybdenum Project



LOCATION MAP OF THE FREI MARTINHO MOLYBDENUM PROJECT, STATE OF PARAIBA

The **FMM** Project is located in the Paraiba State of Brazil. The **FMM** Project area has increased from approximately 19 sq km to 123 sq km, consisting of historical mining leases.

The following work has been carried out since entering into the agreement in late May 2007:

- Regional geological mapping on a 1:10,000 and 1:2,500 scale, covering an area of approximately 20 square kilometres.
- Topographic survey and geological mapping of the underground workings at Frei Martinho mine on a 1:250 scale.
- 28 Grab and channel samples of the tungsten and molybdenum-bearing skarn horizons have been collected and are awaiting assay results.
- 31 Channel samples of the mineralized molybdenum-bearing skarn and marble horizons left by the underground mining have been collected and are awaiting assay results.

The Company expects to receive the assay results by late September 2007.

Terms of the Agreement

Under the terms of the agreement, **Carnavale** has paid Metal Land US$20,000.00. In addition to this **Carnavale** will also make instalment payments to Metal Land as follows:

- Issue 500,000 fully paid ordinary shares to Metal Land upon confirmation of the transfer of the mineral rights from the DNPM or by October 23 2007, whichever occurs first;
- Six months following the execution of the definitive agreement, **Carnavale** shall pay USD$40,000,
- Twelve months following the execution of the definitive agreement, **Carnavale** shall pay USD$160,000;
- Eighteen months following the execution of the definitive agreement, **Carnavale** shall pay USD$250,000;
- Twenty four months following the execution of the definitive agreement, **Carnavale** shall pay USD$350,000;
- Thirty six four months following the execution of the definitive agreement, **Carnavale** shall pay USD$300,000; and
- On the commencement of mining activities, **Carnavale** shall pay Metal Land a royalty of 1% net smelter return. The net smelter return can be exchanged by payment by **Carnavale** of US$1,000,000.

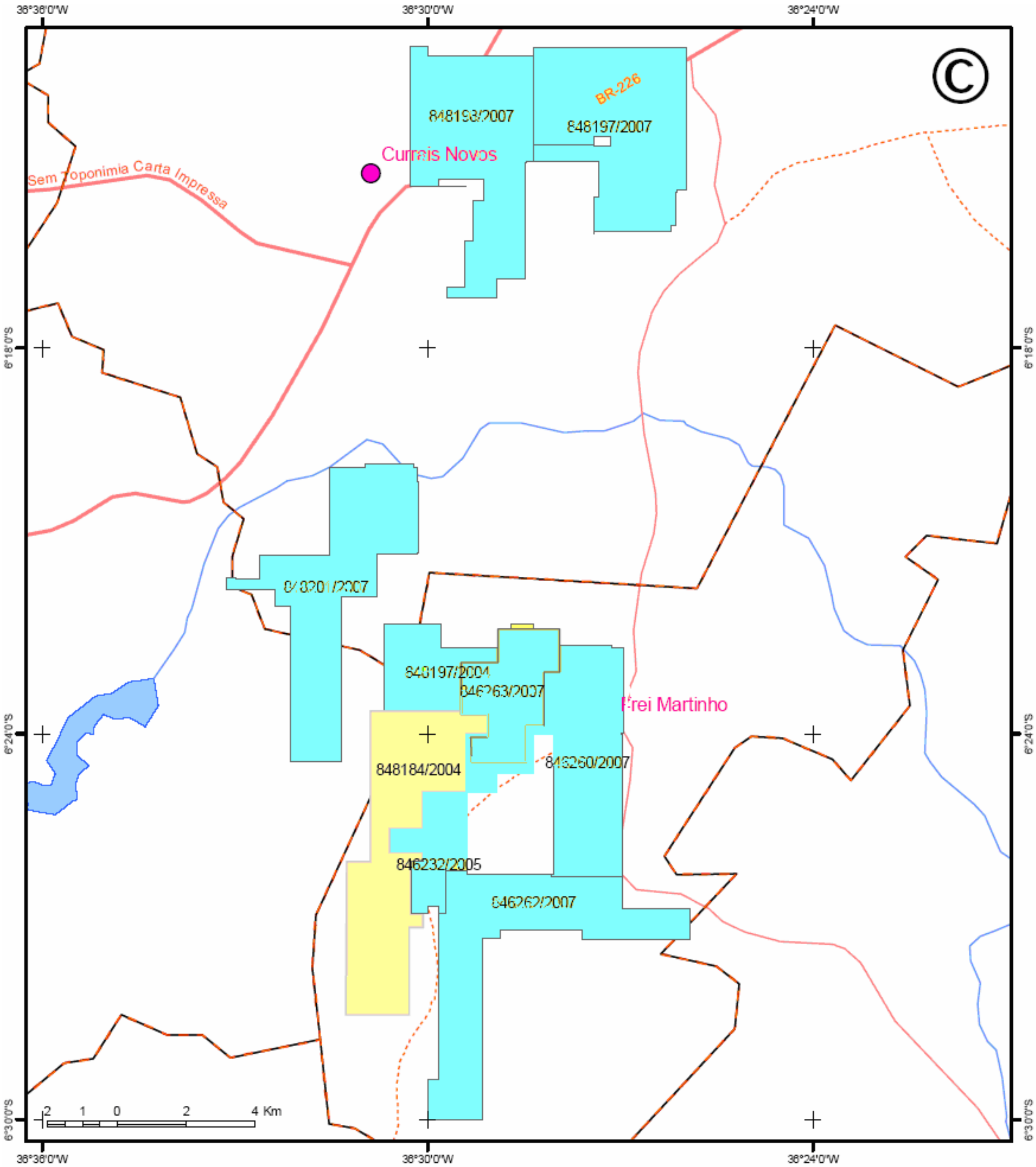
Carnavale reserves the right to, at its sole discretion, end this agreement at any time, provided that a written notice is delivered to the other party. Upon delivery of such notice, **Carnavale** shall not be held responsible for any of the terms and conditions set-forth in the amended Letter of Intent and full ownership of the mineral rights in the Project will revert to Metal Land.

For further information in respect of Carnavale, please contact:

Ron Gajewski	*Paul Jurman*	*Jill Thomas*
Director	*Company Secretary*	*Investor Relations*
Tel: +61 8 9240 6876	*Tel: +61 8 9240 6876*	*Tel: +61 8 9388 0944*
Email: gajewskir@crcpl.com.au	*Email: jurmanp@crcpl.com.au*	*Email: jthomas@pprwa.com.au*

Carnavale Resources website: www.carnavaleresources.com.au.

Scientific or technical information in this news release has been prepared under the supervision of Mr Paulo I. de Brito, a consultant to the Company and a member of the The Australasian Institute of Mining and Metallurgy ("The AusIMM"). Mr de Brito has sufficient experience which is relevant to the style of mineralisation under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" (the JORC Code). Mr de Brito consents to the inclusion in this report of the Information, in the form and context in which it appears.



Original project acquired per ASX announcement dated 25 May 2007.

New projects acquired.

About Carnavale Resources

Carnavale Resources Limited is a mineral exploration company listed on the Australian Stock Exchange (ASX) and on the Frankfurt Stock Exchange with its registered office in Balcatta, Western Australia. The main focus of the company is the acquisition and development of iron ore and molybdenum projects in Brazil, South America.

About Brazil

Brazil has significant mineral resources and a rich history of exploration and production. The country produces more than 70 mineral substances. In 2005, Brazil was the largest world producer of niobium (95% of world production), **the second largest producer of iron (16% of world production),** kaolin (7% of world production), aluminum (11.2% of world production), manganese (11.2% of world production) and gold (1.5% of world production).

This potential, coupled with political stability and the large domestic industrial markets, makes Brazil an attractive country for investments in the mineral sector. The 1995 constitutional reform allowed free participation of foreign capital in the Brazilian mineral sector.

About Molybdenum

Molybdenum is mainly used as an alloy to strengthen iron and steel, increasing the melting point and enhancing resistance to corrosion. It is a vital component in the making of stainless steel and oil and gas pipelines.

With high nickel prices there is increasing substitution of molybdenum-rich duplex stainless steels for nickel steels and when this is combined with a strong world demand for steel products, molybdenum consumption and the metal's price have been on upward trends. Molybdenum mines usually operate in rocks with Mo grades between 0.01% to 0.30% Mo and a significant portion is produced as a by-product of large low-grade copper mines, particularly in the cordilleras of the Americas.

World consumption of molybdenum has increased 400% since the mid-1960s to approximately 200,000 tpa. Over the past two years molybdenum prices have steadily climbed with molybdenum oxide peaking at a 25 year-high of US$40.00 per lb contained molybdenum in May 2005. This is in stark contrast to the price of US$3 to US$5 paid during the 1990s.

The distribution of molybdenum reserves and production is concentrated in only a few countries in the world, with China, USA, Chile and Canada holding nearly 90% of the reserves. USA, Chile and China are the main producers (75%) with each having outputs in 2003 of approximately 30,000 tonnes.